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VIA ELECTRONIC MAIL AND HAND-DELIVERY

The Honorable Charles L.A. Terreni Chief Clerk **South Carolina Public Service Commission** Post Office Drawer 11649 Columbia, South Carolina 29211

RE: Joint Application of Claricom Networks, LLC and Matrix Telecom, Inc. for Expedited Approval of the Transfer of Membership Interests and the Merger of Claricom

Networks, LLC and Matrix Telecom, Inc.

Docket No. 2005-307-C, ELS File No. 1089-10330

Dear Mr. Terreni:

Enclosed is the original and twenty-five (25) copies of the **Verified Testimony of Greg Taylor** filed on behalf of Claricom Networks, LLC and Matrix
Telecom, Inc. in the above-referenced docket.

As the return date has passed without intervention, the Applicants request that the Commission consider this Application on an expedited basis at the next weekly Commission meeting on December 13, 2005. The Applicants hereby waive their right to formal hearing in this matter.

Please acknowledge your receipt of this document by file-stamping the copy of this letter enclosed, and returning it via the person delivering same.

If you have any questions or need additional information, please do not hesitate to contact me.

Very truly yours,

John J. Pringle, Jr

JJP/cr

cc: Jeff Nelson, Esquire

Ms. Judith A. Riley

Mr. Greg Taylor

Enclosures

or tool

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2005-307-C

Joint	Joint Application of)	
	icom Networks, LLC, and ix Telecom, Inc., VERIFIED TESTIMONY OF GREG	
For Expedited Approval of the Transfer of Membership Interests and the Merger of Claricom Networks, LLC and Matrix Telecom, Inc.		
Q.	Would you please state your name, title and business address for the record?	
A.	My name is Greg Taylor. I am the Vice President and General Counsel of Matrix	
	Telecom, Inc. Our offices are located at 300 North Meridian, Suite 200 North, Oklahoma	
	City, OK 73107.	
Q.	What is the purpose of your testimony?	
A.	The purpose of my testimony is to describe the proposed corporate reorganization	
	whereby Claricom Networks, LLC (hereinafter referred to as "Claricom"), and Matrix	
	Telecom, Inc. (hereinafter referred to as "Matrix"), (together "Applicants") propose to	
	transfer of all of the membership interests of Claricom ultimately to Matrix, and effect the	
	merger of Claricom with and into Matrix.	
Q.	Would you like to incorporate by reference any documents into this direct	
	testimony?	
A.	Yes. I would incorporate by reference the Application and its Attachments previously	

filed in this Docket.

- 2 Q. Please provide a brief summary of your education and work experience.
- A. I have over eleven years of telecom experience. Prior to my appointment as General Counsel for Matrix, I served I served as Director – Legal & Regulatory Affairs for DCA Services, a well-known industry provider of billing and back-office services to the telecommunications and cable television industry. Prior to my work at Matrix and DCA, I served in various operating management roles with Zenex Communications and TouchTone Solutions, Inc. I have a Juris Doctor from Oklahoma University, a Master of Arts in Communications from Regent University, and a Bachelor of Science in Business Administration from Southern Nazarene University.

11 Q. Please describe the Applicants.

A. Claricom is a limited liability company organized under the laws of the State of Delaware with its principal offices located at 300 N. Meridian, Oklahoma City, OK 73107.

Claricom provides domestic and international long distance services to business and residential customers throughout the continental United States. Claricom was authorized by the Commission to provide intrastate interexchange telecommunications services in South Carolina by Order No. 1997-773 issued in Docket No. 1997-082-C. Claricom is certified as an interexchange reseller in the forty-eight contiguous states where required. Claricom is also certified as a competitive local exchange carrier in twenty-two states including South Carolina. Claricom was authorized by the Commission to provide local exchange services by Order No. 2000-776 issued in Docket No. 2000-283-C. Claricom also provides interstate and international telecommunications services pursuant to the

authorities granted to it by the Federal Communications Commission.

Q:

Matrix is a corporation organized under the laws of the State of Texas with its principal offices located at 300 N. Meridian, Oklahoma City, OK 73107. Matrix provides domestic and international long distance services to business and residential customers throughout the United States. Matrix was authorized to provide intrastate interexchange telecommunications services in South Carolina by the Commission by Order No. 1990-1176 issued in Docket No. 1990-517-C. Matrix is certificated as an interexchange reseller in all fifty states where required and as a competitive local exchange carrier in thirty-six states including South Carolina. This Commission granted Matrix authority to provide local exchange services by Order No. 2005-449 issued in Docket No. 2005-98-C. Matrix also provides interstate and international telecommunications services pursuant to the authorities granted to it by the Federal Communications Commission.

Please describe the other parties to the transaction.

Stacom Holdings, LLC ("Stacom") is a Delaware limited liability company with its principal offices located at 360 N. Crescent Drive, South Building, Beverly Hills, CA 90210. Stacom is a holding company and holds 100% of the membership interests of Claricom. Stacom in turn is a wholly-owned subsidiary of Platinum.

EnergyTRACS Acquisition Corp. ("ETAC") is a corporation organized under the laws of the State of Delaware with its principal offices located at 360 N. Crescent Drive, South Building, Beverly Hills, CA 90210. ETAC is a holding company and holds all of the issued and outstanding capital stock of Matrix. ETAC in turn is a wholly-owned subsidiary of Platinum.

Platinum Equity, LLC ("Platinum Equity") is a Delaware limited liability company formed as a vehicle for the acquisition of companies and is the ultimate parent of Matrix, ETAC, Claricom and Stacom. Platinum's portfolio companies are primarily mission-critical service and solutions providers. The Platinum portfolio is comprised of 21 businesses, with over 40,000 employees serving more than 600,000 customer sites worldwide.

A current organizational chart was attached to the Application as Attachment C, reflecting the relationship of the Applicants prior to the transactions described herein as well as a post-transaction organizational chart.

What relief do the applicants seek from the Commission in this Docket?

By this Application, Applicants seek Commission approval of the proposed transfer of all the membership interests of Claricom, currently held by Stacom, to Matrix and of the merger of Claricom with and into Matrix with Matrix being the surviving entity.

Q. Please describe the proposed transaction.

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A:

A.

Matrix was acquired by Platinum in 1999. Claricom was acquired by Platinum in 2001. Since their acquisitions, Matrix and Claricom have operated as separate entities but under common management. Attached to the Application as Attachment D is a listing of the officers and directors of Matrix and Claricom. As Matrix and Claricom provide the same services to the same markets, it has been determined that their customers can be served more efficiently by combining Matrix and Claricom into one company. To that end, Applicants seek approval of the transfer of the membership interests of Claricom, currently held by Stacom, initially to Platinum, who will then transfer those interests to

ETAC. The final transfer of the membership interests of Claricom will be from ETAC to Matrix. Claricom will then be merged with and into Matrix with Matrix being the surviving entity. This transaction will be completed on December 31, 2005 at 11:59 p.m. Upon the completion of the transaction described hereinabove, the customers of Claricom would be served by Matrix and Claricom would cease to exist. As a result, Claricom intends to surrender its certifications effective December 31, 2005 at 11:59 p.m. How will the transfer of control affect the current customers in South Carolina? Q. A. Granting the proposed transaction will serve the public interest. There will be no change to the rates, terms or conditions of service to the Claricom customers as a result of the transaction. All managerial and technical aspects of the provision of reliable telecommunication services will be handled in the same manner and by the same individuals who provide the managerial and technical support for Claricom today. Further, consummation of the proposed transaction will serve the public interest in promoting competition in the intrastate inter-exchange and local telecommunications market by providing Matrix the opportunity to strengthen its competitive position by combining Claricom's customer base with Matrix's current customers. Approval of the transaction will permit Matrix to realize significant economic and marketing efficiencies which will enhance its ability to continue providing high quality, low cost telecommunications services and to compete more effectively in the telecommunications market. Matrix's operations will more readily increase in size and profitability, due to enhanced economies of scale. Accordingly, the proposed transaction will benefit consumers through improved services and lower rates, thereby promoting competition in

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- the telecommunications market. The market for voice and data services is becoming increasingly competitive in nature and such competition benefits consumers. Therefore, approval of the proposed transaction is in the public interest.
- 4 Q. How is expedited treatment warranted in this Application?
- 5 A. Expedition is warranted so that Applicants may transfer the Claricom customer base to
 6 Matrix with a minimum of disruption and confusion. Expedited treatment will reduce
 7 consumer uncertainty as to the timing of the transaction and will permit Applicants to
 8 arrange an orderly and seamless transition of the customers from Claricom to Matrix.
- 9 Q. How will Applicant's customers be notified of the transfer?
- A. Applicants intend to provide at least 30 days' advance subscriber notice of the transfer to

 Matrix. A copy of the Notice to be sent to all customers was attached as Attachment E to

 the Application. Each of the subscribers will receive the requisite advance notice and

 will see no change in rates, terms or conditions of service from those currently in effect.

 The proposed transaction will be seamless and virtually transparent to said subscribers.

 Therefore, the public interest would be served by Commission grant of expedited

 approval of this Application.
- 17 Q. Does this conclude your testimony?
- 18 A. Yes it does.

VERIFICATION

STATE OF OKLAHOMA CITY OF OKLAHOMA CITY

I, Greg Taylor, first duly sworn, on my oath and in my capacity as Vice President and General Counsel of Matrix Telecom, Inc., state that I am authorized to provide on behalf of Matrix Telecom, Inc. this Testimony, and have knowledge of the matters stated in this Testimony, and that said matters are true and correct to the best of my knowledge and belief.

Name: Greg Taylor

Title: Vice President & General Counsel

Matrix Telecom, Inc.

Signature

Subscribed and sworn to (or affirmed) before me, Karen Harris, Notary Public, on this 7th day of December, 2005 by Greg Taylor, personally known to me or proved to me on the basis of satisfactory evidence to be the person who appeared before me.

WITNESS my hand and official seal.

My Commission Expires: U/27/U

My Commission No.: 0500587

EXP 6/27

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